



**U.S. Department of the Interior**  
**"To-Be" Trust Business Model**  
**Process Template**

**Title: Receipt of Funds**

*Identify the process in the "Verb Noun" format. (Ex: Maintain Ownership)*

**Process Number**  
**FO.1**

**1. Process Definition** *Provide an overview of the process and define its starting and ending points*

<b>1.1 Starts With</b>	Complete a commitment of funds.
<b>1.2 Process Overview</b>	<p>This process controls the flow of funds from receipt through posting to the appropriate accounts.</p> <p>A funds receivable system is created. At a minimum, the funds receivable system contains the following:</p> <ul style="list-style-type: none"> <li>• Commitment ID – system generated unique identifier of commitment</li> <li>• Commitment description – unique description of commitment</li> <li>• Allotment numbers of tracts involved</li> <li>• Payor information – name, address, etc.</li> <li>• Payment amount – amount to be paid either one time or on a regular basis</li> <li>• Effective date – date commitment is signed</li> <li>• Receipt date – date of one time or recurring payment (eg. 19<sup>th</sup> of every month, fourth business day after the close of the quarter)</li> <li>• Termination date – date on which the commitment ends (n.b. a payment may still be due after this date)</li> <li>• Related accounts</li> <li>• Commitment type – see below list</li> <li>• Frequency – one time, monthly, quarterly, etc.</li> <li>• Penalties – late payment, violation of agreement, etc.</li> <li>• Billing and collection information – where payment is to be remitted</li> </ul> <p>This financial information is essential to the program office for monitoring and decision making for land use contracts. It also provides anticipated future income information for investment activities and beneficiary quarterly statements.</p> <p>A commitment of funds from trust assets triggers the funds receivable to be updated. Examples of commitment types include:</p> <ul style="list-style-type: none"> <li>• Lease</li> <li>• Probate</li> <li>• Sale</li> <li>• Purchase</li> <li>• Judgments</li> <li>• Easement</li> <li>• Right of Way</li> <li>• Contracts (timber sales)</li> <li>• Permits</li> <li>• Bid Deposits</li> <li>• Bonds</li> <li>• Fees</li> <li>• Request for payment</li> </ul> <p>Whoever sets up the commitment is responsible for creating the receivable and maintaining the account information. For most commitments, bills are</p>



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	<p>generated systematically based on the billing due date from the funds receivable system and sent to payors with the remittance advice (payment coupon).</p> <p>Payors submit the payments with the coupon to the designated lockbox. Payments can be either checks or electronic payments. For bid deposits, bidders also mail the bid deposits to the lockbox. If the bidder fails to meet the deadline to deposit the bid and/or does not submit the requisite information, the bid is not accepted.</p> <p>When funds are received in the lockbox, the financial institution, usually a bank, processes the payment based on the information that is indicated on the coupon. The bank deposits the funds in Treasury accounts and transmits the payment information to the Trust Information Technology (IT) office of OST. This information is loaded into the trust integrated data, updates funds receivable, posts to beneficiary accounts, and generates exception reports. The receipt of funds is recorded as of the date when funds are posted against the funds receivable account.</p> <p>Payments from other federal agencies are transmitted via the Intra Governmental Payments and Collections (IPAC) process. The process is handled the same way after the funds are loaded into the trust integrated data.</p> <p>Anticipated receipts from mineral royalties are difficult to project, so the fund receivable account is not established until the operator actually begins production at the leased site. When established, the account carries a zero balance until royalties and a royalty report are actually received. When a royalty report is received, the dollar amount is validated against associated tribal or agency codes. The report is then reconciled with the actual remittance. The funds received are also reconciled to the lease detail and ownership interests, and then posted to the appropriate accounts.</p> <p>Interest earned from date funds are posted to date disbursed is automatically calculated routinely (daily) by the trust accounting system and posted to the appropriate beneficiary account.</p> <p>OTFM, Trust Services, performs a reconciliation of monies received to account balances. Late payments and underpayments are noted and a payors' deficiencies report, including an aged schedule, is produced. OTFM notifies the program office, beneficiary servicing office, or any other interested parties or any other interested parties about the deficiencies who can resolve and/or explain the deficiencies. After completing the notification process, proper penalties are imposed to the late payments and 10-day show cause notices are sent to the delinquent payors.</p>
<b>1.3 Stops With</b>	Posting of funds to the appropriate account and penalty notices sent if required.



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- 2. Trust Business Objectives** Identify the Comprehensive Trust Model strategic goals and business objectives to which this process contributes.

Goal/Objective
Deposit and Post funds to the appropriate accounts in a timely and accurate manner within applicable standards.

- 3. How should Beneficiaries be involved in this process?**

Beneficiary Involvement
No direct beneficiary involvement.

- 4. Organizations, Offices and Roles.** Identify the DOI organizations and related roles that should be involved in performing the process.

**4.1 DOI Organizations.** Identify the DOI organizations, offices and individual roles that contribute to this process. DOI organizations include the Office of the Secretary, BIA, OST, BLM, MMS, OHA, OSM among others. Offices include Central Offices, Regional Offices, Agency(Field) Offices, etc. All individual roles that contribute, in a significant manner, should be identified.

Organization	Office	Role	Contribution
BIA	Agency/Field Office (Initiator)		Set up fund receivable for land use contracts Setup receivable for oil, gas and coal Direct bidders and payors where to send payments, bid deposits and performance bonds Direct and help payors and bidders to submit funds to the lockbox when they bring payments to the local office Assist in resolving remittance exceptions
OST	Trust Field Operations		Assist in resolving exceptions



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Organization	Office	Role	Contribution
OST	Information Technology		Download collection information to the integrated trust data, update funds receivable, post funds to accounts, generate bills and remittance advice, and produce exception report
OST	Trust Services,OTFM		Receive and distribute funds to respective accounts in a timely and accurate manner. Perform reconciliation between payments received & account balances Perform Q&A Reconcile with Treasury Reconcile with banks Calculate interest and penalties due Record interest and penalties receivable to accounts Send 10-day show cause notices
Tribes	Compact & Contract		Direct bidders and payors where to send payments, bid deposits and performance bonds Direct payors and bidders to submit funds to the lockbox when they bring payments to the local office Assist in resolving remittance exceptions

**4.2 Non-DOI Organizations.** Identify the non-DOI organizations that support the execution or control of this process.

External Organization	Contribution
Payors	Remit funds to lockbox & resolve exceptions Receive 10-day show cause notice if warranted Receive remittance advice for interest and penalties due if appropriate



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External Organization	Contribution
Bank	Provide lockbox service for receipt of funds and provide receipt documentation electronically
Custodian	Remit funds resulting from investment activity
Treasury	Receive and hold funds until they are disbursed or returned to DOI
Other Federal Agencies	Remit funds via IPAC & help to resolve exceptions

- 5. Event(s)** Identify the events or conditions that start the process. Describe each event and indicate the frequency (daily, monthly, quarterly, etc.) in which each event is expected to occur. An event may be an external interaction (a beneficiary submits an application), the expiration of a period of time (a lease is due to expire in 90 days), or the realization of some pre-defined threshold (an IIM account reaches the automatic disbursement threshold).

Event	Description	Estimated Frequency
A funds receivable commitment is made	A land use agreement is completed and approved A mineral operator goes into production on an established lease	daily
Arrival of funds at lockbox	Receipt of funds at either lockbox or Treasury	daily
Performance default occurs	Transfer of performance bond funds to beneficiary account as a result of a performance default	daily
IPAC transmittal is received	Transmittal of funds from other federal agencies via IPAC	daily
Receipt of investment income	Receipt of investment income from custodian or Treasury	daily

- 6. Inputs and Outputs.** Identify and describe all inputs and outputs related to this process. Inputs are information or materials used during the execution of the process; outputs are materials or information produced by the process.

**6.1 Inputs**

Input	Description
Funds receivable	Funds due from payors, bank, custodians, other federal agencies, or Treasury. May be a beneficiary account.
Fund receipts	Funds actually received from bank lockbox and Treasury



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Input	Description
Ownership record files	When anticipated funds are recorded in fund receivable system, they link with the ownership record file to identify the account holders who have the financial interest in the incoming funds (account holders identification)
Interest and penalties due calculation	Formula for computing interest and penalties due on under or late payments
10-day show cause template	Standardized form used to notify delinquent payors
Production Accountability Audit	The result of a comparison actual minerals production to royalties received

**6.2 Output**

Output	Description
Exception reports	Report of transactions requiring further investigation
Beneficiary accounts	Updated account balances
Reconciliation reports	Information to reflect accounts have been reconciled
10-day show cause notice	Notice to payors to show cause as to why payment was either not made or was underpaid
Payor Deficiency Report	Report reflecting a list of payors who did not submit a full remittance
Management reports	Monitor performance
Reconciled Royalty Report	Royal report reconciled to royalty funds received

**7. Fiduciary and Legal Obligations and Controls**

**7.1 Obligations** Identify and describe the legal and fiduciary obligations that impact this process. For each obligation, indicate the document or commitment that defines the obligation and the citation (paragraph or section) within the document that pertains to this process.

Obligation	Source	Business Impact
Regulations governing beneficiary accounts	25 CFR 115	Guidelines to carry out trust fiduciary obligations



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Obligation	Source	Business Impact
Leasing on trust assets relate to bonuses, damages and fees	25 CFR 211.24	Collection and disbursement for beneficiary accounts
Rights of Way: compensation for granting of easements and deposits for survey damages	25 CFR 169.14	Collection and disbursement for beneficiary accounts
Electronic Records and Signatures in Commerce	PL 106-229	Electronic forms, such as signature, contract, or records relating transactions are legal
Office of Controller of the Currency	Regulation 9	Trust standards and regulations

**7.2 Controls** Identify and describe any controls (enforcement mechanisms) that may be used to ensure that the process adheres to obligations and internal process requirements. Controls may be reviews, audits, segregated duties, etc. Indicate the reason that each control should be introduced (name the obligation that a control is intended to enforce; indicate any controls required to ensure consistency or reliability).

Control	Reason	Description
GAAP	External Control	Accounting principles
Federal Financial Accounting Standards	External Control	Issue by Federal Accounting Standards Advisory Board
Federal Manager's Financial Integrity Act 1982 (FMFIA)	External Control	Ensure compliance with the requirements of internal accounting and administrative controls
DOI Accounting Handbook	External Control	Departmental accounting guides
Interagency Handbook	Internal Control	Define roles and responsibilities of OST & BIA
Internal controls	Internal Control	Ensure separation of duties
Risk assessments	Internal Control	Measurement of quality assurance
Reconciliation	Internal Control	Reconcile subsidiary accounts with funds received
Service levels	Internal Control	Agree upon allowable limits for performing tasks such as deposit time, posting time, etc





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Control	Reason	Description
Audits	External Control	Ensure adherence to policies and procedures

- 8. Mechanisms (Systems of Record)** Identify the mechanisms, or systems, that are needed to support the process (ex: Ownership, Leasing, Workflow Management, Office Filing System, etc.). Indicate the information and activities, relevant to this process, that each system supports.

System Name	Support
Trust accounting	Contain account information and balances
Funds receivable	Provide expected funds from leases, judgment awards, sales, etc.
Ownership database	Provide ownership information to identify the account holders who have the financial interest in the incoming funds
Interest earned calculator	Calculate interest earned from date funds are posted to date disbursed and post to beneficiary account.

- 9. Inter-Process Relationships** Identify other trust processes that are related to this process (either predecessors or successors). If applicable, indicate the condition under which the processes are related.

**9.1 Predecessors.** Predecessors are processes that either produce information required by this process or that result in the need to execute this process.

Process No.	Name	Condition of Relationship
B.6.3.1 B.6.3.2	Beneficiary Account Administration Receivable Administration	Establish expected funds from judgments Set up account or perform account maintenance as needed
UM.2.1.2.1	Process Pre-Contract Receipt Encoding	Set up account or perform account maintenance as needed
UM 2.7 UM 2.8.1 UM 2.9	Prepare Integrated Contract Data Modify Land Use Contract Close Land Use Contract	Establish expected funds from leases, right of ways, sales, oil & gas, sub-surface, etc Set up account or perform account maintenance as needed
UM.4.6.4	Perform Production Accountability Audit	Receive results of production audit so that penalties and interest can be charged appropriately





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Process No.	Name	Condition of Relationship
O.3.3. O.1.5	Close Probate Case Close Transactions	Provide account transfer information (e.g. as a result of probate) Set or perform account maintenance as needed
FO.2	Investment Operations	Receive interest earned from investments

**9.2 Successors.** Successors are processes that either use information produced by this process or that must be executed as a result of performing this process.

Process No.	Name	Condition of Relationship
B.6.3.1 B.6.3.2	Beneficiary Account Administration Receivable Administration	Receive exceptions report indicating late payments or underpayments and help to resolve exceptions
UM.4.1	Monitor Management Units	Receive exceptions report indicating late payments or underpayments and help to resolve exceptions Receive deficiency reports Receive 10 day show cause notice Enforce financial lease compliance
UM.4.6.3	Reconcile Production	Receive reconciled royalty report and help to resolve exceptions
O.3.3.	Close Probate Case	Receive exception reports and help to resolve exceptions
FO.2	Investment Operations	Receipts are invested if the beneficiary has selected an investment strategy
FO.2	Disbursements	Receipts are disbursed to the beneficiary

**10. Comments** Summarize any discussion, problems, issues or recommendations that should be considered when reviewing process performance. Category Values (Note, Best Practice, Decision, Problem, Issue, Recommendation)

Category	Comment
Recommendation	Establish a lockbox for receiving funds. Verify with bank regarding multiple lockbox locations.



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Category	Comment
Issue/Recommendation	Will direct payments be continued? Do direct payments have to be reflected on account statements?  If direct pay is to continue, payor must prove payment verification. Discourage direct pay in fractionated interest situations.
Issue	Who will handle lockbox payments that do not contain coupon payments, transfers from non-trust funds to trust funds, and bid deposit refunds for no-award bidders? How will bills be handled when a lease is set up and the payor appeals the lease?
Issue	Review all processes involved with receipt of funds that require beneficiary signatures (easements & ROWs ) before any disbursements can be made. The signature requirement impedes distribution of monies to beneficiaries (should be solved by the electronic signature).
Issue	Review how and when non-trust funds become trust funds. This slows down distribution of funds. For instance, in land sale transactions, the money transfer from non-trust to trust should take place when the deed is signed. This may require regulatory change.
Recommendation	Service level standards need to be defined.
Recommendation	An automated billing numbering sequence is needed.
Recommendation	We need new regulations to protect the government against a bidder's lawsuit when the bid is not received in the lockbox or does not include the requisite information by the due date.
Issue/Recommendation	Small \$ accounts: the suggestions for this issue are: 1) Educate account holders to plan for spending, especially the minor accounts, so that in certain years they can withdraw all the money and close the account; or 2), Project the future income using the fund receivable system. We should provide beneficiaries the option of donating small amounts to charity or propose legislation that would allow for pooling all the small dollar accounts into one account to be donated to charity.
Issue	How will debt collection be handled and who is responsible?
Issue	How do we ensure the performance bonds are valid bonds? From the past, many bonds had been invalid when the penalty came to take place.